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1904

Financial Statement

OF

The Hon. Geo. W. Ross

Treasurer of the Province of Ontario

Delivered on the Ninth of February, 1904, in the
Legislative Assembly of Ontario, on Moving
the House into Committee of Supply

PRINTED BY ORDER OF
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO
Printed and Published by L. K. CAMERON
Printer to the King's Most Excellent Majesty
1904

*Ont. Dept. of Treasury and Finance
Federation and Fiscal Policy Branch
Budget*

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WARWICK BROS
& RUTTER &



TORONTO

Financial Statement

OF

HON. GEO. W. ROSS

Premier and Provincial Treasurer

LEGISLATIVE ASSEMBLY, TORONTO

Wednesday, February 9, 1904.

I shall endeavor first to give a brief summary of the expenditure and revenue of last year, the estimated expenditure for this year, and then discuss a few aspects of the financial situation, without, I trust, being wearisome to the House. We began on the first of January, 1903, with a cash balance, after having paid off all maturing obligations of the Province, of \$1,415,510, and we closed the year 1903 with a cash balance of \$1,994,679, having, in the meantime, made our financial position so far as bank balances go better by \$579,168. At the beginning of 1903 our surplus assets over our liabilities were \$1,939,262, and at the end of the year our surplus liabilities were \$2,549,164, having improved our position in this respect to the extent of over \$600,000. To-day we have in cash in the banks of the Province \$3,551,300.

The expenditure for the year just closed was considerably larger than the expenditure of any previous year in the history of the Province. I do not know whether this may not be a subject of criticism ; however, the fact remains that the increased demand upon the Treasury for the development of the country and in connection with all the interests which the Government is bound to assist will suggest that possibly our expenditure will be much more easily increased than it will be reduced or even curtailed.

The average expenditure for the last six years was \$4,131,000 ; the actual expenditure for last year was \$4,888,982, about \$700,000 over the average for the last six years. Two points have to be considered, however, in giving this summary of the actual expenditure :—Firstly, that in the two years of the six that I have named, instead of paying our railway subsidy certificates when they became due, we issued annuities extending their payment over a period of years. For the last four years we have paid every railway certificate, and every other obligation as it became due, so that when the year was closed on the 31st December last, there was no matured or maturing obligation of the Province that was not discharged. In order that honorable gentlemen may see the extent of this liability, I may give a few figures:—For instance, we paid last year in the way of Sugar Beet Bounty \$75,000 in round numbers ; in Iron bounties \$25,000 ; for Railways, \$230,000 ; for Good Roads, \$23,000 ; for University and Mining School, \$84,000 ; into Common School Fund, \$10,000. This makes a total of \$437,000. So that the normal and ordinary expenditure of the Province, instead of being \$4,888,982, was practically about \$4,400,000.

DETAILS OF INCREASE.

By way of detail, I might indicate where some of these increases actually took place. For instance, there has been an increase of \$41,000 in 1903 over 1902 in Civil Government. This is more of an apparent than a real increase. The actual increase in salaries of that sum amounted to about \$15,000, or say 5 per cent. By consulting the estimates of last year hon. gentlemen will see that we transferred from “Miscellaneous” to “Civil Government” a number of items which constitute the greater part of the increase. For instance, we transferred the Fisheries Branch from Miscellaneous to Civil Government. That accounts for \$7,500 of the increase. Then the cost of Game Protection was also transferred, accounting for \$2,700. The Labor Bureau for \$3,050 ; Management of the Succession Duties for \$3,800 ; Factory Inspection, \$6,800 ; Municipal Auditor, \$2,600 ; or a transfer altogether of \$26,450. So that the actual increase in Civil Government was only \$15,000, consisting not of increases in salaries only, but in

some cases a slight increase in contingencies. In Legislation there was an increase of \$98,428, accounted for, principally, by two items:—First, the expense of the Investigation connected with the charges of the Member from Manitoulin, amounting to \$47,351, and second, the additional indemnity to members, amounting to \$39,749. In the Administration of Justice there was an increase of \$16,189. That branch of the service necessarily grows as we push into the back territories, and that item we expect to go on increasing just as municipalities are being organized. The Administration of Justice is so important that I am sure hon. gentlemen will not complain of any reasonable increase in that service. In Education, also, there was a very large increase, the figures being in 1902, \$804,909, and in 1903, \$945,020, or an increase of \$141,111. The increase in Education covers the whole range of popular education from the kindergarten to the university, including our public schools, our high schools, our normal schools, our grants for technical education, and the large grants that are now being made to the University and the Mining School at Kingston. The School of Science has so grown as to call for fresh demands upon the treasury to which I will refer a little later on.

There has been a moderate increase in the maintenance of public institutions. The total is \$922,037, or an increase of \$57,638. When the growing demand for accommodation, and the increased cost of maintenance are taken into consideration, the cost of this department of the public service must be expected to increase. We have nearly reached the million mark now. I think I may have said last year that there is no Province in Canada, nor State in the Union, nor any part of the civilized world in which there is so much money paid directly by the Government for the maintenance of its public institutions as is paid in the Province of Ontario.

INCREASE IN AGRICULTURE.

In Agriculture there has been a large increase also. Some items have been charged against this department formerly charged to Miscellaneous. The total expenditure for Agricultural purposes was \$378,846, as against \$234,339 in 1902, or an increase of

\$144,506. Of course, a substantial item in the increase, in fact more than one-half of it, is the sum of \$74,997 contributed as a bounty to the Beet Root Sugar industry. Then, the Eastern Dairy School, in 1903, got an additional grant of \$6,374 ; the Experimental Farm an increased grant of \$7,482 ; the Experimental Dairy an increase of \$9,672, and the College buildings, at Guelph, involved an expenditure of \$42,352. These items indicate a very large increase, but it is in a direction which, I am confident, the House will approve of and support. Agriculture, lying as it does at the foundation of all our industries, requires constant attention. It is so varying in its forms, (it is not so one-sided as it used to be), and we have so many phases in agricultural education now to consider, that we may naturally expect, and I think very properly, to increase the expenditure in this direction. We have Swinebreeders' and Sheepbreeders' and Horsebreeders' Associations, and Fat Stock Shows and Poultry Shows, and a large attendance at the Agricultural College, and there are demands of a scientific character made upon us, all of which must be met in one form or another, if we are to maintain our position as the first Province in the Dominion.

In Public Buildings there has also been a considerable increase. The Dept. of Public Works had more than its usual burdens to carry. For instance, the completion of the London Asylum Infirmary cost \$27,759. Then, owing to the demands for Manual Training and Domestic and Household Science, the Normal School in Toronto had to be enlarged. That building was put up 50 years ago, when the subjects of Manual and Technical education and Household Science were undiscovered and unknown. It would not do, in connection with the teaching profession, that instruction should not be given in these subjects, particularly as they have become so intimately related with skilled labor. In order to provide accommodation for these departments, the Normal School was enlarged at a cost of \$35,839, and there is a small charge this year of \$10,000 to complete its equipment. The School of Science—going up far too slowly owing to the difficulties in the labor market—involved an expenditure last year of \$118,880. This is a building that will command the approval of experts as being admirably suited for the purpose for which it is

intended, because of its capaciousness and the care taken by the Architect of the Public Works Department to see that all the demands of modern equipment are complied with. At the Agricultural College, at Guelph, there was an expenditure of \$40,883. On Colonization Roads we spent \$159,258. About 180 miles of Colonization Roads were built in different parts of New Ontario, and 500 miles were repaired. In the new district west of Lake Temiskaming the Public Works Department has adopted a policy of building trunk lines, and some of these roads have been pushed westward for about 60 miles. Parallel lines are built so that settlers can have a reasonably good highway to their destination, or reasonably near to their destination, and I think it is the policy of the Public Works Department to pursue that system rather than to aid roads here and there.

The Crown Lands Department drew considerably upon our revenues, the expenditure being \$258,783, or an increase of \$31,713. This was to open up the new townships along the route and beyond the proposed terminus of the Temiskaming Railway. About 25 townships were surveyed last year, containing 532,741 acres. The demand made for locations by the Veterans and the pressure of the settler in that northern district necessitated this large expenditure. The Crown Lands Department is asking for about as large a sum for the current year, and, as the settlers want locations, care must be taken to provide surveys and locations for them.

INCREASE IN PUBLIC WORKS.

The expenditure for Public Works was about \$13,000 larger than the previous year ; in 1902 it was \$64,609 and last year \$77,803. This expenditure was for the maintenance of locks and dams, and for bridges over rivers in different parts of New Ontario. About \$15,000 were spent on drainage works, under the Drainage Act of four years ago. We have already expended \$29,865 on drainage works within the meaning of that Act, the result of which has been practically to drain, as reported by the Public Works Department, 232,642 acres. We have re-claimed during the last four years, a quarter of a million acres of land that was under water, an area equal to at least half the size of an ordinary county. It will not be necessary for me to dilate on the advantages of that

for roadmaking or of its effect on sanitation. It is well not to neglect Old Ontario while paying attention to New Ontario. While we have spent \$29,865 on these works, the farmers adjoining them have spent nearly ten times as much, or \$293,101.

STATEMENT OF REVENUE.

Now, we come to the revenue of 1903. The revenue for 1903 was very generous, thanks to the excellent timber sale which we had a few months ago. The revenue of 1903 was over \$5,000,000, or, to be exact, \$5,466,683—the largest revenue in the history of the Province of Ontario, but not larger than the wants of the public service require. A few details as to how that revenue is made up will suffice. For instance, our interest account amounted to \$195,357.36. That interest is derived from two sources, first, on assets being trust funds held by the Dominion Government, the interest on which amounted to \$153,864, and upon balances in the bank or special accounts amounting to \$41,493. This source of income, I have no doubt, is duly appreciated, showing that the position of the Province is one of perfect solvency—that our assets are productive, that they are living assets, yielding us almost \$200,000 of an income per annum.

Mr. Matheson here drew attention to the fact that the printed statement of the receipts before members of the House showed \$226,183 as being interest paid by the Dominion on capital held and debts due to Ontario. The statement of the asset showed that these funds totalled 6,218.780. At five per cent. that would make over \$300,000 interest. He asked for an explanation of the discrepancy.

The Premier later explained that owing to a change last year in the book-keeping of the Dominion Government the interest on the ordinary trust funds was paid on the 1st of July and the 1st of January. The amount due for the latter half of last year was therefore not paid until January of this year, and would not appear in the Public Accounts of the Province until 1904.

REVENUE FROM CROWN LANDS.

First we have the revenue from Crown Lands, amounting to \$2,459,110, and of that sum \$1,329,203 came to us from the tim-

ber sale. The normal revenue of the Crown Lands Department amounts to a little over a million dollars a year, or from 1,000,000 to 1,200,000. The revenue received last year from the succession duties was considerably in excess of any previous year, amounting to \$386,948. The largest sum previously received from that source was in 1901, being \$366,581. The revenue from succession duties naturally fluctuates. From the Supplementary Revenues Act, that is the tax upon corporations, we received last year the largest sum since that tax was imposed, viz., \$257,624. From the tax upon brewers and distillers we received \$60,853. These three sources, succession duties, supplementary revenue and brewers and distillers netted us last year \$705,425. I must remind hon. gentlemen that this sum has come to us notwithstanding their protest as to the unwisdom and impolicy of imposing such a tax. In the case of succession duties the tax was not opposed in its entirety, but the proposal made by hon. gentlemen opposite, if it had prevailed, would have cut that duty down by one-half. In the case of supplementary revenue we would have had none at all, and the same with the revenue from brewers and distillers. So we are entitled to take to ourselves the credit of about \$700,000 additional revenue because of the foresight of the Government in finding a proper and reasonable source of taxation for the Province. Under the Supplementary Revenues Act the life insurance companies yielded \$74,348—that tax is not considered by life insurance companies as a heavy charge—fire insurance companies, \$27,764; banks, \$49,684; loan companies, \$26,689; railway companies, \$349,998—the tax on railway companies will probably be increased by the bill that may come down later—street railways, \$7,175; express companies, \$4,400; gas and electric light companies, \$7,934; telephone companies, \$6,375. Minor sums go to make up a total of \$257,624. Here is a series of corporation taxes which are not burdensome to the corporations, and which, applied as we have applied them, contribute a considerable sum to the revenue of the Province and no doubt corresponding advantages in the body politic.

That is all I propose saying on the expenditures and revenue of last year, and I shall be very brief upon the estimated expenditure and revenue of this year. Under the head of Civil

Government the expenditure is increased by \$10,223. This is mostly made up of increases of salaries, amounting to about three per cent. In legislation there is a reduction of \$53,784 inasmuch as, so far, we are not called upon to incur some expenses which we incurred last year. In the Department of Justice there is an increase of \$29,354, for the reasons given for the increase last year. In education, there is an increase of \$44,134. This is made up of a grant of \$5,000 to the Technical school, \$2,000 to the poor schools, \$6,600 to School of Science, \$21,000 additional to the University, and some other additions in the way of salaries and other charges. For public institutions there is an increase of \$19,604, due to small increases in salaries, cost of supplies, etc. The marvel is, that we have been able, under all the circumstances, to keep that expenditure down to the figure I have mentioned. In agriculture there is an increase of \$41,350 owing to some extensions to the buildings and other works and salary increases in the agricultural department. Hospitals and charities shows an increase of \$4,864. Provision is made in the estimates for a house of refuge for the County of Grey, and the sum of \$4,500 for the hospital for consumptives. An application has been before us for some years for assistance to the hospital for consumptives at Gravenhurst. It is a most desirable institution, and I believe one found to be exceedingly serviceable for the purposes for which it has been established. In public buildings we propose to spend this year a larger sum than we have spent for many years, namely, \$400,450, or an increase of \$42,028 over last year. The School of Science we hope will be completed and equipped, for which \$127,000 will be found in the estimates ; and the hospital for epileptics will be pretty well advanced, for which we are taking \$62,500, and for the Normal School building already referred to \$10,000. These buildings off our hands, as I said a moment ago, the charges for public buildings, so far as we can see now, will in future be somewhat lighter. In public works we are taking the sum of \$105,050, or an increase over last year of \$27,236, made up of bridges in the Temiskaming District, drainage work in different parts of the Province, repairs to locks, canals, etc. There are several large bridges to be completed, one at Rat Portage, and some in Muskoka and the northern districts, urgent and necessary for the accom-

modation of the settler. In colonization roads there is a reduction, although I fear the Commissioner of Public Works will come down on us yet in the Supplementary Estimates. The reduction amounts to \$9,958. There is a slight reduction in charges on Crown Lands, and a large reduction in refunds amounting to \$26,445; the previous year there were several accounts outstanding.

CONVERSION OF ASSETS.

This is in brief the estimated expenditure. It is worthy of notice however, that large sums amounting in all to about \$1,112,243 is simply the conversion of one asset into another, as hon. gentlemen will see when I mention the nature of that expenditure. It is sometimes complained that we waste our capital in the sale of our timber limits. I have never so regarded that transaction. It is merely a transfer of one asset of a practically inanimate character into another animate useful and active. For instance, our expenditure on public buildings, is but another form of our timber assets, useful for educational or other public purposes. This amounts to over \$400,000. Our public works are all permanent improvements, such as roads and bridges and works of that kind, and so with colonization roads. These two items together take \$254,000, while there are charges upon Crown Lands, of \$256,793. We invested in public libraries about \$65,000; we are proposing to give to the University for Convocation Hall, \$10,000; for the Kingston Mining School, \$23,000, and for the Parliamentary library, an asset which was held for a long time in dispute between us and the Dominion, \$3,000. There are also various sums under the Good Roads Act. This makes a permanent investment of \$1,102,243, which is practically the normal revenue of the Crown Lands Department.

If hon. gentlemen will look up some of the financial statements I made in this House a few years ago, they will, I think, find a statement showing that almost the entire receipts of the Crown Lands Department, less charges of management, have been invested either in colonization roads or grants to railways, or grants for drainage works, or in various other public improvements, so that while we are disposing of our forests, which are liable to waste and loss by fire, we are taking the proceeds from

them and applying them for the ordinary purposes of public utility.

ESTIMATED REVENUE 1904.

As to the estimated revenue of the year, I shall not go into detail. The interest account may probably be a little larger than last year. The amount in the bank on special deposit having increased, we expect from that source, \$50,000; last year, it was \$41,000. The total interest is \$204,000. From Crown Lands we expect to receive as much as last year, amounting to about \$2,500,000.

Mr. Foy : How much is there from pulp ?

Mr. Ross : I do not think we have received anything from pulp, but I cannot say exactly. We may have received something from the Sturgeon Falls Pulp Mills, and from the mills at the Soo, but whatever it is the Public Accounts will show. From public institutions, casual revenue, and other departments of the public service, we expect to receive as much as we received last year, so that we are looking forward this year, as the statement in the hands of hon. gentlemen will show, to an income of about \$5,384,372. We are, fortunately, in this happy position that the money to be voted by the House, will not exceed the certain revenue of the Province. There is no fear of a deficit in our income, our revenue is secured; no accident that can possibly happen to the revenues of this Province would create a deficit during the coming year. In that position we are better off, perhaps, than a Government that depends upon its receipts from Customs and excise. These fluctuate with the trade of the country; our revenue is placed beyond peradventure. Our funds are all productive and every source of revenue has shown itself to be practically permanent from the fact that it varies only a few dollars from year to year.

ASSETS AND LIABILITIES.

I propose now discussing the assets and liabilities of the Province. Our entire assets total \$8,383,306 and our liabilities \$5,834,141, leaving, on the 1st of December, a surplus of assets over liabilities of over two millions and a half. It is now practically a million more on account of monies received since the 31st of

December. Our assets at this hour, 9th February, amount to about three and a half millions.

Mr. MATHESON : What about the Soo liability ?

Mr. ROSS : That is not a liability yet. It may be paid by those who take up the Soo industries. Orders in Council do not make them a direct liability. I hope that my hon. friend will be as glad as we shall be if there is no liability, and if it ever becomes a liability it is remarkably well secured. Whatever is due in the way of arrears on timber is absolutely secured by the timber itself and there cannot possibly be a loss.

Mr. MATHESON : The Temiskaming is \$3,000,000.

Mr. ROSS : There is no liability there. We have the railway. My hon. friend would like to have his cake and eat it.

Mr. WHITNEY : It is not in the assets.

Mr. ROSS : It is not necessary to put it among the assets yet. We are not anxious for assets. We have really a superabundance of assets with a minimum of liability. I am so glad that my hon. friends are anxious about assets, particularly such as we have.

The happy position in which we stand to-day is that all accounts are settled, practically, between the Dominion of Canada and the Province of Ontario except one or two to which I will refer.

TREATY No. 3.

One or two things are undecided. First, we do not know what liability treaty No. 3, will impose upon us yet. It is variously estimated; it may be a large sum or a small sum. We have been anxious to have it settled for years. We made some progress last year. In a conference which I had with the Minister of Finance, it was agreed that instead of risking adjudication through the arbitrators to which the other matters in dispute had been referred we would go direct to the Court of Exchequer, with the right of appeal to the Supreme Court, and thence, if necessary, to the Judicial Committee of the Privy Council. We are now preparing a case for the Court of Exchequer, and we expect it to be taken up in the early summer. Although I must not prejudge the case,—I could not do so with any degree of certainty for no one can tell what a judgment of a court may be until it is delivered,—the solicitor of the Government is not at all alarmed as

to the magnitude of our liability. The House may rest assured that the rights of the Province will be fully argued and tenaciously contested before the the Court of first resort, and if the judgment is adverse, then through the various higher courts. There is a small matter of \$40,000 also in dispute between us and the Dominion Government, being the case known as the Yule bridge which came to us from the old Province of Canada. It is a small sum, and if we are liable for it, and we do not admit our liability, the amount which we would have to discharge would be \$39, 717. It is not a serious liability. We have asked the Minister of Finance to permit us to refer that case also to the Court of Exchequer, so that we can ascertain what our liability is. In the meantime, the Minister has deducted our share of that old liability from the amount payable to the Province.

Mr. MATHESON : Is it not in the Province of Quebec ?

Mr. Ross : Yes, we think the Province of Quebec is liable.

OUR TRUST FUNDS.

Now I come to another point—to say a few words on these trust funds from another standpoint. The practice of the Dominion Government has been to withhold, from time to time, sums which they considered the approximate of interest due by the Province to the Dominion on account of these trust funds. I did not like that method of book-keeping, and on the 24th of April, 1903, I corresponded with the Minister of Finance, pointing out to him that the more simple method would be for the Dominion Government to pay to us what was due in interest from year to year and let us send our cheque to him in return for interest for which we were liable. In this he agreed, but, in his letter agreeing, he raises a point to which we have taken very strong objections. My letter to him was as follows :

(Copy.)

TORONTO, 24th April, 1903.

MY DEAR MR. FIELDING,

The debt of Ontario having been determined to be \$1,807,986.49 on 31st of December, 1902, in pursuance of the suit brought against Ontario in the Court of Exchequer, I propose (as has been the subject of previous conversation or communication) that Ontario will pay the Dominion direct, on 30th of June, 1903, the sum of \$36,159.72, as interest upon the above sum of \$1,807,986.49 ;

so that Ontario expects that you will transmit the full amount of interest on Trust Funds, which will be due to Ontario on same day (30th June).

For some years past, for reasons which no longer exist, the Dominion transmitted approximate amounts on account of Interest, a practice which may now be fairly changed to the plan I now propose.

Yours truly,

(Sgd.) GEO. W. ROSS.

The Hon. W. S. FIELDING, etc., etc., Ottawa.

The Minister of Finance replied to me on April 28th as follows :

(Copy.)

OTTAWA, April 28th, 1903.

MY DEAR MR. ROSS,

Replying to your letter of the 24th instant, we will arrange to make payment to your Government on the 1st of July, 1903, of interest at the rate of five per cent. upon the amount of the Trust Funds of Ontario held by the Dominion.

I must point out to you, however, that the Dominion is under no obligation to pay this rate of interest and we cannot consent to pay it hereafter.

The position of the accounts between the Dominion and the Province at present is that there is a certain sum due by the Province to the Dominion, on which you are paying four per cent., and a certain sum a little larger, due by the Dominion to the Province, upon which you have been claiming five per cent. Both these sums stand in the position of ordinary debts, which may be paid off at any time. Pending a mutual arrangement for such payment, I would suggest that the most convenient way to deal with the matter would be to treat these sums as cross entries. There would be a balance in your favour, upon which we would be willing, temporarily, to allow you four per cent.

If this arrangement is not satisfactory, we shall be prepared to pay off the amount of our indebtedness to your Government before the 1st of January next.

Yours faithfully,

(Sgd.) W. S. FIELDING,

Minister of Finance.

Hon. G. W. Ross, Premier of Ontario, Toronto.

To this I replied on May 8th :

(Copy.)

TORONTO, 8th May, 1903.

MY DEAR MR. FIELDING :—Your letter of 28th ultimo, although widely differing from the views you know I entertain and have previously expressed, yet is so considerate that I hope my reply, which is intended to be equally courteous, is not less distinct and frank.

The Government of Ontario cannot recognize or entertain any proposition to reduce the rate of interest below 5%, which the Dominion is bound to pay and has hitherto paid, to Ontario on the Trust Funds.

With reference to the liability of Ontario, on which 4% is being paid, I had hoped that you would have been willing to hold the sum against us indefinitely at that rate of interest, or at all events, until such time as there was some financial strain whereby its liquidation became important.

We, of course, dispute your right to deal with the matter by way of set-off in reduction of our Trust Funds, and should you continue to press your demand for the payment of our debt, Ontario will, of course, make arrangements to discharge it.

I remain,

My dear Mr. Fielding,

Yours very truly,

(Sgd.) GEO. W. ROSS.

HON. W. S. FIELDING,

Minister of Finance,

Ottawa,

Ont.

That ended the correspondence for some time. On December 29th it was renewed in the following terms :

(Copy.)

FINANCE DEPARTMENT,

OTTAWA, Dec. 29th, 1903.

SIR,—The question of the rate of interest to be allowed and paid upon the amount in the hands of the Dominion belonging to the Provinces of Ontario and Quebec and known as Trust Funds, has been under consideration in my Department, and in this connection I beg to refer you to my letter of the 28th April last.

The amount of these funds, in the case of Ontario, is \$1,909,845.63 embracing the Upper Canada Grammar School Fund, the Upper Canada Building Fund and the Upper Canada Improvement Fund.

It has been decided to pay, on the 1st of January, 1904, the interest on these funds, at the rate heretofore paid, namely 5%. After that date, interest at the rate of 4% will be paid until further notice, or until the principal of the funds is paid to Ontario in full. If this arrangement is not satisfactory to your Government I shall be pleased to receive notice to that effect, whereupon arrangements will be made to pay off the principal sum at an early date.

With reference to the amount \$39,717.16 paid to the heirs of Yule under the decision of the Exchequer Court, which held that the claim was payable by the Old Province of Canada, we are aware that there is a difference of opinion between the Province of Ontario and Quebec as to the manner in which this amount should be borne. Pending settlement of that question, as the Dominion has paid the money, the only way open to us in dealing with the case is to charge the amount to the two Provinces in the proportions established

by the decision of the Arbitrators in relation to sums chargeable to the old Province of Canada. We have therefore charged Ontario with \$24,626.75, being that Province's proportion of the claim.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd.) W. S. FIELDING.

The HON. G. W. ROSS,

Premier and Provincial Treasurer,

Toronto, Ont.

That letter was rather a surprise to us, for it contained the intimation that, while they were willing to pay the interest due at five per cent. on the 1st of January, thereafter they only proposed to pay us four per cent., or pay off the whole amount owing and close the account. This I replied to as follows :

(Copy.)

TORONTO, 6th January, 1904.

MY DEAR MR. FIELDING,—In reply to your favour of the 29th ult., I beg to say that the proposal to reduce the interest upon certain Trust Funds, mentioned in your letter, from 5 per cent. to 4 per cent. after 1st January inst., will not be satisfactory to my Government. You are already aware that we have always firmly maintained two positions :

1. That the Dominion is not in a position to terminate its trusteeship by the payment over to Ontario of the Trust Funds in question.

2. That the rate of interest, 5 per cent., is not susceptible of modification without the consent of Ontario.

If any satisfactory method can be suggested by you of securing a judicial determination of these questions in advance of your proposed action, with a proper reservation of the usual rights of appeal, my Government will be glad to facilitate such determination in every reasonable way.

I am, Yours truly,

(Sgd.) GEO. W. ROSS.

The HON. W. S. FIELDING, M.P.,

etc., etc., etc.,

Ottawa, Ont.

There the case stands so far as that branch of the old trust funds of Ontario is concerned. How it will result remains to be seen. Of course if the interest is withheld by the Dominion Government, I am advised that the proper course would be for us to take action against the Dominion Government in the Court of Exchequer for interest due and payable, and that will open the whole question as to what the amount of interest should be. We have not come

to that point yet. We have given a clear intimation, however that we propose insisting on the rights of the Province.

On the 1st of January last we received our semi-annual subsidy cheque less the sum of \$24,626 charged against us on account of the Yule Bridge. On receiving that cheque I thought it was necessary to put ourselves on record, and I wrote to the Minister of Finance as follows :

(Copy)

TORONTO, 6th January, 1904.

MY DEAR MR. FIELDING,—In reply to your favour of the 2nd instant, enclosing the semi-annual cheque for the provincial subsidy, I note that you have made a reduction of \$24,626.75 as representing the liability of the Province of Ontario in connection with its share of the amount for which the old Province of Canada was liable for the construction of the Yule Bridge.

You are doubtless aware that the Province of Ontario has never admitted its liability for this item in the outstanding balances of the old Province of Canada, although we have repeatedly signified our readiness to refer the question to the Court of Exchequer, and are still prepared to submit to such a reference. The Province of Quebec has declined to concur in this proposition. The subsidy cheque, with this reduction, is therefore accepted without prejudice, and it will be necessary for us to take such steps as will bring the matter up for adjudication satisfactory to the Province of Ontario.

Yours truly,

(Sgd) GEO. W. ROSS.

The HON. W. S. FIELDING, M.P.,
etc., etc., etc.,

Toronto.

(Copy)

DEPARTMENT OF FINANCE.

OTTAWA, 2nd January, 1904.

SIR,—I have the honour to enclose you herewith the undermentioned cheques, amounting to \$645,016.89 in your favor, viz.:

No. 9,197	on Merchants Bank of Canada	for \$300,000 00
" 4,424	" Dominion Bank	" 4,000 00
" 2,656	" Bank of Hamilton	" 2,000 00
" 6,187	" Imperial Bank of Canada	" 4,000 00
" 4,290	" Bank of Ottawa	" 2,000 00
" 4,336	" Bank of Toronto	" 2,000 00
" 3,366	" Bank of Montreal	" 331,016 89

\$645,016 89

The above amount is in payment of the half-yearly subsidy of \$669,643.64 due to the Province of Ontario on the 1st January, 1904, less proportion of award and costs re Yule Bridge and interest thereon amounting to \$24,626.75, charged

to your Province as stated in Mr. Fielding's letter to the Hon. G. W. Ross of the 29th ultimo. I enclose a statement of the subsidy account to the 1st instant.

I have the honor to be, Sir,

Your obedient Servant,

(Sgd) "J. M. COURTNEY."

D. M. F.

The HON. THE PROVINCIAL TREASURER
OF ONTARIO, Toronto, Ont.

PROVINCE OF ONTARIO.

INTEREST ON TRUST FUNDS.

1904.

Jan. 1. By $\frac{1}{2}$ year's interest on the following funds :

U. C. Grammar School Fund \$312,769.04, at 5 per cent. . \$ 7,819 23

U. C. Building Fund \$1,597,076.59, at 5 per cent. 39,936 91

On proportion of Common School Fund :

$\frac{1}{2}$ year's interest on \$1,384,289.13, at 5 per cent. \$34,607.23

do 70,795.77, at 4 per cent. 1,415.92

100 days do 5,568.30, at 4 per cent. 61.02

————— 36,084 17

\$83,830 31

To Cash \$83,830 31

I may say in passing that I understand a letter in similar terms, was sent to the Treasurer of the Province of Quebec, and that he took precisely the same attitude with regard to these trust funds as we did, and therefore I suppose that both Provinces will resist the proposed action of the Dominion Government, an action which I hope will not ultimately prevail.

PROJECTS FOR 1904.

I may now briefly indicate some projects which we have on hand for the current year, in order that hon. gentlemen may see that we do not propose to devote ourselves to a life of idleness if we are to continue to receive the confidence of the House. The largest work we have on hand at present is the construction of the Temiskaming railway. It is found that this road will be 112 miles long. Of that already 76 miles have been graded. The iron is laid on 57 miles, and a wire fence through what may be the settled portions of the country over which the road passes has

been completed for the length of nine miles. The telegraph line is completed from the terminus of the road as far as the iron is laid, 57 miles, and the line is ballasted for 37 miles. So that the prospects are, I am assured by the Commission, that by the 31st of October trains will be running regularly from North Bay to New Liskeard. Trains are running three times a week now from North Bay to the 57th mile, and from that on there is a stage line. We have provided, practically in the course of one year, convenient ingress and egress to the settlers at the head of Lake Temiskaming. Another circumstance to be noted in connection with this road is that all the supplies for its construction have been the product of our own manufactories, with the exception of the iron rails, and had it not been for the difficulties in connection with the Soo enterprise, the rails would also have been manufactured in Canada. All the bolts, spikes, etc., have been purchased in Canada, (I do not know whether in Ontario) in a few instances at a price perhaps slightly in excess of that for which they might have been obtained elsewhere, as it was deemed desirable to encourage Canadian industries and give employment to Canadian labor.

Mr. MATHESON: Have any bridges been bought for the road?

Mr. ROSS: We have not bought any bridges for the road yet. There is only one needed, and that has not been contracted for.

The steel rails have been bought in England, although they could have been purchased at a slightly lower figure in the United States, and I hope the House will not object to that. We have provided four locomotives not delivered yet, one hundred flat cars and fifty box cars, so there is the necessary equipment for running the road.

COST OF TEMISKAMING RAILWAY.

In certain quarters there is a complaint as to the cost of building the railway. In my opinion, from the information that has been supplied to me, it has been constructed very cheaply. The cost of construction is estimated at \$25,000 per mile, and the sum of \$5,000 is estimated as the necessary amount required for equipment. Now, \$25,000 for the cost of construction is not by any means excessive, and in this connection it is also to be remembered that the steel rails of this road are much heavier than the steel rails ordinarily laid, being 80 lbs to the yard.

Moreover, the Commissioners, with the cordial approval of the Government, were determined that the road should be of easy grade, and should it be pushed forward as far as the Grand Trunk Pacific, as it is hoped the House will authorize the Commission to do, the importance of this will be more apparent. It will be a through road from Toronto to Winnipeg, and, in order that it may earn the largest amount of money, easy grades are necessary, and these are being provided for—of course at a greater expense than colonization railroads are usually built for.

Mr. POWELL : \$25,000 per mile is the cost of construction, and the rolling stock \$5,000 per mile more ?

Mr. ROSS : Including sidings and stations, the total cost will be about \$30,000 per mile when it is ready for operation to its full extent. Compared with the cost of other railways, I think the Commission deserves the thanks of this House for the very economical and judicious management of the construction of the road. I find that the Canada Atlantic with a mileage of 437, cost \$47,000 per mile, and it is a much easier road.

Mr. FOY : They paid for right of way.

Mr. ROSS : Probably, but for the greater part of the way from Ottawa to Depot Harbor, there was no charge for right of way, they went through the Province of Ontario and there were no settlers' rights to be disposed of.

Mr. MATHESON : That includes stock that was given away ?

Mr. ROSS : No, it includes the cost of construction and equipment per mile, and there is no use in adding fictitious charges to the specific charge which I have stated. Railways were built cheaper then than they are now, and the road is a much easier one for the greater part of the route than the Temiskaming railway. It is a very simple comparison, but of course we can be critical and severe about any statement, but it seems to me a most reasonable comparison. The Canada Southern, 373 miles—of course there was a large charge for right of way—cost \$85,510 ; the Canadian Northern, 437 miles, cost \$37,660 per mile ; the Canadian Pacific, 3,838 miles, \$32,100 per mile—of course it had to confront great difficulties through the mountains, but about 800 miles of prairie are to be included in it ; the Intercolonial, 1333 miles, \$51,000 ; the old Grand Trunk, 3,157 miles, \$105,800 ; the Quebec

and St. John, 241 miles, \$58,100. Hon. gentlemen may make comparisons between the cost of this road and any other road that has been built in Ontario under similar conditions, and I think that they will find the comparison will be in favour of the construction of this road as we have built it and will be conclusive to any person who is interested in railroad building.

EXTENSION OF RAILWAY.

Now, it is proposed, with the permission of the House, to push this road north from New Liskeard, a distance of about 80 miles. Surveys have already been made, and the plans of the road for the letting of contracts are almost ready. This goes up into the valley of the Blanche River, east of Long Lake, and the River Abitibi. It will open up those townships that were surveyed last year by the Crown Lands Department, and carry the road a distance of about 200 miles north of North Bay, or from 150 to 200 miles from James Bay. Whether James Bay may yet be considered the objective point of this railway remains to be seen. If this road is pushed to the proposed terminus we will then require to build from 100 to 150 miles of railway to James Bay. That may not be completed in my time, but there will be enterprising men in the Opposition, and I think on the Government side of the House also, in the time to come, and we should not stop until we reach Hudson Bay, and obtain direct connection with that greatest of inland seas.

RAILWAY BONDS.

Some objection may be taken over the flotation of bonds for the construction of this road, and perhaps I will be pardoned if I offer a very few explanations. It was the intention to put upon the market about two and a half million dollars worth of bonds for the construction of the road. Up to the time that bonds were proposed, the banks had given the Commission the desired accommodation. There was no scarcity of money, the interest payable at the banks was five per cent. It was thought the bonds could be sold on a three and a half per cent. basis at par. Unfortunately the market was at that time (October last) very much congested with what Pierpont Morgan calls "undigested securities" Neither in Britain nor the United States was the market in good

shape. We received various offers for a portion of these bonds, but they were at a figure that would cost four per cent. and consequently none of these offers was accepted. Our arrangements for a temporary loan with the banks called for interest at five per cent. This we thought too high, and so endeavored to negotiate a short time loan for from one to two years until the money market improved. Communication was opened with the largest brokers in London, and the best offer we got was four and three-quarters per cent., not including charges, commission, etc., which would probably bring it up higher than the rate of five per cent. paid to the banks. We communicated with Lord Strathcona in the hope that with his financial experience he could get better terms. His reply was that he could not place the loan on the British market for less than five per cent with $\frac{1}{4}$ per cent. commission. And so we put ourselves in the hands of the bank, and between a number of enterprising banks in the City, we had no difficulty in getting the amount of money required at five per cent. That loan runs for a year. Possibly this year may be a good year for issuing the bonds, although with the war between Russia and Japan, the year may not be as favorable as was expected a short time ago. A few figures will show the state of the money market at the time we tried to float our bonds.

For instance, during the middle part of the year 1903, Bonds of Municipal Corporations which a year or so previously had sold on a basis to yield $3\frac{1}{2}$ per cent. then sold on a 4 per cent. basis, and bonds yielding 4 per cent. then sold on a basis to yield $4\frac{1}{2}$ per cent. Consols had dropped from 97 in 1902 to 88 in October, 1903. The strongest Railway Companies of the United States, rather than sacrifice their securities in the British market, obtained loans through the Banks for the extension of their Works, in every case paying as high as 5 per cent. Under these circumstances, the Commissioners, with the approval of the Government, thought it advisable to postpone the issue of bonds until the money market was easier.

It is proposed by the bill introduced by the Commissioner of Public Works to advance to the Railway Commission certain portions of the monies we have now on deposit in the bank. That money now yields us three per cent. We do not propose making

this a permanent investment or a permanent loan, but simply to carry the road on the credit of the Province until the bonds of the Railway can be floated at a profit.

SCOPE OF PROVINCIAL LEGISLATURE.

Now, hon. gentlemen sometimes say that the work of a Provincial Government is so obscure, that its expenditure is of such a local and ephemeral character that it cannot have any visible effect upon the prosperity of the country—at least, those who desire to minimize the importance of our Provincial Governments, take that view. Some even say the representation in this House should be cut down, because fewer men could do the work and do it well. I do not think they could. I think the value of a local Government is in fulfilling to a large extent the purpose which its name indicates—it is local, it is Provincial, looks after matters which, in its larger view, are too insignificant for a Dominion Government to undertake. Were it not for the Board of Public Works in the British House of Commons, which, to a certain extent, supplies the place of a local Government, it would be impossible—it is difficult even now—for the House of Commons ever to administer the local affairs of the United Kingdom. But with our large representation, each member representing a small area, we get very close to the people, and we fulfil our functions all the better, as a local government, the more closely we get to the interests of the people. Now, take one or two departments, as indicative of the scope and purpose of this Assembly. Take the matter of agriculture. Here is a branch of the public service that gets as near the source of Provincial wealth as any service can possibly get. Now, if signs mean anything, and if the growth of the country in agricultural wealth and in the expansion of its agricultural area mean anything, then the Department of Agriculture of the Province of Ontario fulfils its mission well. For instance, if this Government was negligent in its duty in this respect, we might fairly assume that the prosperity of Ontario would not be as great as it is. If the Government is a factor in promoting prosperity, then it deserves credit to the degree of the prosperity which, to a certain extent, is the measure of its usefulness. Judged by this standard, I think the Government has a good deal to congratulate

itself upon. If the growth of the wealth of Ontario is promoted directly or indirectly by this Government, then the Government have done its duty—then the argument, it is time for a change, is valueless. For instance, the farm lands of Ontario in the last five years have increased in value about \$140,000,000. Now, farm lands do not increase in value unless they become more productive. The impoverished lands of any country do not increase in value. Our lands are not impoverished, because of the better methods employed by the farmer, he knows better how to take care of his stock, and makes more money out of it, how to grow better sheep and swine, and to adapt the crops to the soil. All these matters have been the subject of instruction in Farmers' Institutes, Agricultural Colleges, and in other ways. We see the result of that instruction in the increased intelligence of our agriculturists, and in the increased value of our farm lands, representing \$140,000,000 of money.

VALUE OF AGRICULTURE.

A very distinguished bank manager has said that the Department of Agriculture was worth millions to the Province of Ontario. It is not an exaggerated statement. For instance, in 1897, our farm lands were valued at \$905,000,000, while to-day they represent \$1,045,000,000. They have gone beyond the billion mark—have gone beyond that mark mainly because farmers understood how to impart from their intelligence greater value to the lands which they tilled. Now, notice that that increase is made up in various ways:—increase of land, \$51,000,000; increase of buildings, \$31,000,000; increase of implements, \$11,000,000; increase of live stock, \$47,000,000. If you will follow this through all its ramifications you will see how this expenditure reaches out to all the industries of the Province. With that agricultural prosperity, our agricultural implement factories are busy finding products that swell up to over \$11,000,000; our lumbermen are busy finding lumber for farm buildings and so this agricultural expansion gives to every industry an increase of output.

The farmers are fast assuming the position of being the most comfortable class in the community—not owing altogether to what we have done, but while we do not take credit for it all, we know that a generous Opposition, realizing the responsibility which lies

naturally upon an Opposition to speak the whole truth and nothing but the truth—will say that the Government to a certain extent deserves credit for this comfort and prosperity.

Mr. Foy : So modest of you to say it yourself.

Mr. Ross : We will take it for granted that they mean it although they do not say it. I think my hon. friend does not mean the hard things he sometimes says about us.

Look at the facts.

Take the increase in beef cattle—an increase in volume of \$10,000,000. Have our grants to live stock associations had nothing to do with that? The beef cattle sold in 1896 were valued at \$13,350,000, while in 1902, they were valued at \$23,340,000. Bacon and pork sold in 1896, \$10,081,00,0 and in 1902, \$20,154,000; cheese sold in 1896 amounted to \$11,719,000, and in 1902, \$14,793,000. These three articles in 1896 yielded \$35,150,000, and in 1902, they yielded \$58,287,000, or an increase of \$23,137,000, or nearly \$4,000,000 a year added to the agricultural production in the wealth of this country in the last six years. And as an evidence of the increased output of Canada in which Ontario naturally bears a large share, this striking fact appears in the table of exports. In 1897 the exports of animal and agricultural products of Canada amounted to \$55,533,592, and in 1903, \$114,441,863, or an increase of 100 per cent. in the short period of six years. Now, we claim to have a share in that large contribution to the foreign trade of Canada, in that contribution to the supplies which reach the Home land from this country and which are every year being received with more and more favor. It took us many years before our cheese was recognized as up to standard value in the British market, but now it stands only second to that of Denmark. Our butter is fast approaching the first position, its value comparatively speaking increasing every year, and so with the other products of the farm. Our agriculturists—I include the whole of Canada—are practically contributing one-half of the exports of the whole Dominion.

Another evidence of prosperity is also to be seen in the large attendance at the Agricultural College. In 1901 the total attendance was 381, while last year it was 728. In the general course the attendance in 1901 was 281; last year it was 299. In the short

course the attendance in 1901 was 100 ; last year it was 429. The attendance practically doubled between the general course and the short course in the last two years, and this is a sign of the prosperity of the farm, because the attendance of students at the College costs the students a considerable sum of money, and in that respect the ability to provide for the maintenance of the student in the College is an evidence that the farmers are increasing in wealth and in the desire for that education which alone will make agriculture as profitable as it should be. These remarks on agriculture will suffice to indicate, without judging our own case too favorably, that we have been of some service in adding to the material prosperity of the Province in a most important respect.

PROSPERITY OF OUR SCHOOLS.

I shall not dwell at length upon the prosperity of our schools—the theme is too large to enter upon, and I have already spoken much longer than I expected—but it has been universally admitted by those who are impartial judges, that the people of Ontario are receiving a thorough substantial education in all branches of our school system. I mean a substantial education, not merely a superficial education, which may appear to be cleverness to the onlooker, but an education which develops thought, and, as far as education can develop it, intellect as well, and I am delighted to be able to congratulate my successor, the Minister of Education, on the expansion of the system under his supervision. He has had charge now for about four years, and the system has expanded in one or two directions worthy of notice, particularly in the direction of manual training, household economy and technical education. This education for the artisan is invaluable. Ontario is fast becoming a manufacturing Province, the old idea that we should sell our raw product and buy manufactured products has been exploded. I am glad that it has been exploded. We should sell nothing but our manufactured product, and we ought to produce within the Province of Ontario the skill for the manufacture of the raw materials this country produces as far as it is practicable. We ought to make our own steel rails, an industry I hope to see very soon established in the Province of Ontario. This Province is in the right position to carry such an industry.

Our water powers are unlimited in their productivity, and we ought to supply the great territories to the west with all their manufactured goods. If we only supply the necessary amount of skilled labor, the time is very near at hand, I think, when, with the increased capital that we are being favored with from abroad, and with the growing enterprise of the people and confidence in ourselves—and confidence is almost as important as anything else—we will be able through our manual and technical schools to fit ourselves for the position of being the centre of industrial activity. The work in the technical school in Toronto is admirable, and excellent reports have been received also from the schools in Brantford, Kingston, Stratford, Brockville and various other places. The attendance at the Toronto school totalled over 2,000 pupils, 305 attended the day classes, and 1,840 the night classes. Side by side with the manual training goes the study of household science. It is important that the science of the home should be learned. To those who have made a study of the subject it is a problem involving a great deal of scientific knowledge and investigation, and no doubt when the science of cookery and domestic science is better understood in this Province there will be less waste, there will be less indigestion, there will be more cleanliness in the household, and the art of housekeeping will have changed into one of the fine arts, and the work of the kitchen will not be considered menial, and the girls now flocking to our manufactories will find pleasant service in domestic occupations. All this is in the direction of working up the raw material, the material of the hands and fingers in order to make it yield the best possible returns, and there is no other way of getting wealth out of the people. This departure in our school system, I am sure, is one which honorable gentleman very highly commend.

SCHOOL OF SCIENCE.

Another department in which considerable effort has been displayed is the development of our School of Science. As I may have said before, when I had the honor of taking charge of the Education Department in 1882, the attendance at the School of Science was 18. It was a small beginning but it was a beginning under the management of a very able Principal who has been with

us from that time until now. This year the attendance has grown to 402, an enormous increase in about twenty years. We have within the walls of that School of Science the sources of greater wealth for Canada in the future than perhaps can be found within any other four walls in the country. We regret that they go to the United States now and then, and yet it is a source of pride to us to be able to say that the greatest Republic in the world comes to Ontario in order to find its professors to fill the highest positions in its colleges as agriculturists and scientists. While we like to breed men for our own use and train them to fill places in Ontario, while we may perhaps grudge them for places abroad, we know that wherever they go they will bring credit and be a source of pride to their native land.

Another successful effort of the Minister of Education has been the establishment of public libraries in the rural municipalities. I am speaking from experience when I say that a public library is one of the most valuable departments of a public school education. If you cannot get a boy to read you cannot make anything out of him. It is what he works out for himself and from himself, and the knowledge he gets of the world, and the breadth of vision that good reading gives him that prepares him for citizenship, and that makes him an effective factor in the world. We have 448 libraries now. In 1882 there were only 93.

THE LUMBER TRADE.

Then another evidence of prosperity is the great activity in the lumber markets of Ontario, and the value which the recent sale of timber has given to the timber assets of the Province. A few figures will show that in a striking way. The average price per square mile received under the Sandfield-Macdonald administration in 1868-71, was \$380.66 ; under the Blake administration, \$117 ; under the Mowat administration, \$1,414 ; under the Hardy administration, \$1,665 ; and under the present Government, \$2,768.93, or an increase of over \$1,000 per square mile over the highest average received in the previous history of this country. There could not be such an increase in the value of lumber were it not for the general increase in the wealth of this country, as there would be

no demand in the first place and no money to pay for it in the second place.

Mr. Whitney : What proportion of the lumber is used in this country.

Mr. Ross : It is impossible to say what proportion is used in this country. I have shown that the farmers have used a great deal of it in new buildings, and large quantities of it, of course, are used in our cities.

It is estimated that the value of our timber yet unsold is from \$35,000,000 to \$50,000,000. Of course this is simply an estimate. It was said some years ago that we had cut the best of our timber and that that source of revenue was practically exhausted. We find as we push our way backward that the timber is with us still, and I think the estimate is quite a conservative one when it is put at \$35,000,000 to \$50,000,000 available still, and if by the reforestry provisions or regulations prepared by the Commissioner of Crown Lands, and the measures which we propose of economizing the timber in our reserves, the life of our timber is prolonged, then that asset will be very largely increased. The German method of only cutting such timber as is marketable and mature has yielded to Germany a constant revenue of \$9,000,000 a year. We may not receive as large an amount from our forests although we have a larger area than Germany, but possibly under new conditions we may receive a larger revenue than now.

Another circumstance as indicative of prosperity is the happy condition of the laboring classes in this Province. Wages were never better than now, and never were there greater opportunities for employment. This is the case not only in the agricultural and lumbering industries, but in everything where labor, skilled and unskilled, is required the demand is greater than ever before, and the remuneration of the persons employed is better than ever it was before.

I am not mentioning all these things to gather an aurora or aureole around the Government, but I think we should drop the roll of the pessimist ; I think it is time we let Jeremiah stand to one side, and allowed somebody with a more hopeful view of the situation to take the stand. It would not be wise for us in a foolish or vainglorious way to exalt our prosperity, but the fair

way to do is to neither exaggerate nor under-estimate the condition of the Province, to estimate things at their real value, and it is only when with confidence in our own power and with the gratification which comes from a reasonable measure of success, we apply ourselves to whatever task comes to our hands that we can accomplish the best work for the country. I think that the feeling of this House is that, with all its faults, the Government has on its administrative side a very good record, that with all its faults it has contributed something to the wealth and standing and prosperity and honor of the Province of Ontario, and whatever we have done for Ontario we have done for the whole Dominion. The Provincial standpoint is not the true standpoint for us to take, although our first duty may be to Ontario. It is when we take the broader outlook to include all the Provinces of the Dominion, and to include, too, the purpose which two millions of people should fulfil in strengthening the Dominion and in contributing to its wealth, and intelligence, and power, and influence, that this Legislature rises to its true position as a Legislature.

The Dominion is now being courted on various sides for its trade. The United States seems anxious to form a reciprocity treaty with us. Years ago when we were comparatively poor they did not care for our trade, now they seem to want it very badly—how badly remains to be seen. They may have to wait a while now ; that is for the people of this country to say. But the fact that they want our trade indicates that Canada, and that includes Ontario, is becoming no mean young nation, no poor, impoverished community incapable of trade. And from across the Atlantic, too, those who are wise and skilled in finance wish to extend the preferences that have been given by Canada to the trade of Great Britain, realizing that we have something to sell which they wish to buy, and that we can supply the food products which they require. Twenty years ago they never thought of looking to Canada for their grain or for their agricultural products as they do now. Now, we have expanded our commerce, now we have developed our resources so that those who have to import from abroad look to Canada as the basis of their supply. I mention these facts as indicative of the progress of Canada, and of the position we are fast attaining to, and if they should be a spur to

our patriotism, or induce us to love our country better, than my words will not have been spoken in vain. Here we have to deal largely with matters that have not the wide horizon that I have been alluding to, but, if we do our duty, our reward will be in the expansion of the whole Dominion so far as we can contribute to it, and in a stronger, a firmer, a more patriotic grip of the destinies of the Dominion to which we belong.

ASSETS AND LIABILITIES OF THE PROVINCE OF ONTARIO,
DECEMBER 31st, 1903.

ASSETS.

1.—DIRECT INVESTMENTS :—

Drainage debentures.	\$49,127 91
Tile debenture coupons	82,577 68
Municipal drainage assessments ..	12,560 67
Sault Ste. Marie debentures.....	25,572 50
	<hr/> \$169,838 76

2.—FUNDS HELD BY THE DOMINION IN BEHALF OF
ONTARIO, UPON WHICH INTEREST AT THE
RATE OF FIVE PER CENT. PER ANNUM HAS
BEEN SETTLED AS PAYABLE TO THE PROVINCE
HALF YEARLY :—

U. C. Grammar School Fund.....	\$312,769 04
U. C. Building Fund.....	1,472,391 41
Land Improvement Fund.....	124,685 18
Fund created under Act of 1884....	2,848,289 52
	<hr/> 4,758,135 15

Common School Fund held by the

Dominion on behalf of the Pro-
vinces of Ontario and Quebec upon
which interest at the rate of five
per cent. per annum is payable,
divisible as between the Provinces

in ratio of last decennial census... 2,563,963 59

Upon basis of 1901 census, Ontario's share being..	1,460,653 20
	<hr/> 6,218,788 35

3.—BANK BALANCES :—

Current Accounts..	151,179 00
Special Deposits bearing interest.....	1,843,500 00
	<hr/> 1,994,679 00
	<hr/> \$8,383,306 11

LIABILITIES.

1.—Balance of Account current with the Dominion from Confederation to date, including Common School Fund and other Transfers, capitalization of the Bounty of the Crown under tribal treaties assumed by the Dominion, the capital having been apportioned to the Provinces upon various awards with interest upon the said account current, and including interest as between Ontario and Quebec, as finally adjusted	\$1,807,986 49
2.—RAILWAY CERTIFICATES—PRESENT VALUE.....	2,281,151 46
ANNUITIES “ “	1,741,658 90
	4,022,810 36
3.—Common School Fund Collections by Ontario, from 1st January, 1903, payable to the Dominion, in trust for both Provinces.....	7,773 73
Less Ontario's share upon basis of last census ..	4,428 59
	3,345 14
Total.....	5,834,141 99
Surplus of Assets, after deducting Liabilities	\$2,549,164 12

RECEIPTS AND EXPENDITURE, 1903.

RECEIPTS.

Balance in Banks Jan. 1st, 1903, Current account	\$187,779 49
Special Account.....	1,227,731 25
	\$1,415,510 74
Subsidy	1,116,872 80
Specific Grant.....	80,000 00
	\$1,196,872 80
Interest paid by Dominion on Capital held, and due to Ontario....	226,183 73
Less Interest paid by Ontario on balance of account current with Dominion from Confederation to date as finally adjusted	72,319 44
	153,864 29
Interest on Investments.....	41,493 47
	195,357 76
Carried forward ..	

*On the basis fixed by the Royal Commission with respect to the Assets and Liabilities of the Province, adjusted to 31st December, 1900.

RECEIPTS.—*Continued.**Brought forward***Crown Lands Department :—**

Crown Lands.....	80,168	90
Rent <i>re</i> Crown Lands	49,460	89
Clergy Lands.....	4,095	95
Common School Lands.....	10,465	00
Grammar School Lands.....	1,450	45
University Lands.....	1,347	86
Woods and Forests.....	2,307,356	12
Mining Licenses	2,241	40
Assay Fees	863	80
Miscellaneous	1,660	49
	2,459,110	86

Algoma Taxes..... 2,827 81**Law Stamps**..... 64,205 03**Liquor Licenses** 371,671 | 27 |**Education Department**..... 48,069 75**Secretary's Department** 121,299 | 86 |**Fisheries Department** 39,842 | 93 |**Agriculture** 50,278 | 47 |**Supplementary Revenue Act** (62 and 63 Vic).... 257,624 40**Succession Duties** 386,948 | 24 |**Sale of Lands at Central Prison** 32,500 | 00 |**Public Institutions Revenue :—**

Toronto Lunatic Asylum.....	42,202	03
Mimico “	11,871	99
London “	18,057	91
Hamilton “	17,987	59
Kingston “	7,279	18
Brockville “	5,368	71
Orillia “	5,466	45
Coburg “	411	75
Reformatory for Females.....	2,165	23
“ Boys	170	00
Blind Institute	413	55
Deaf and Dumb Institute.....	350	50
	111,744	89

Casual Revenue :—

Fines, etc.....	9,628	42
Insurance Companies' Fees.....	19,779	63
Loan Companies' Fees.....	10,067	35
Public Officers' Surplus Fees.....	17,176	60
Shooting Licenses, etc.....	19,513	17

Carried forward

RECEIPTS.—*Concluded.*

<i>Brought forward</i>		
Circus Licenses	2,730	00
Official Gazette.....	6,070	66
Private Bills	10,619	01
Statutes, etc.....	1,562	05
Rent of old Parliament Buildings property.....	6,000	00
Refunds	469	59
Incidentals	75	09
Removal of patients to Asylums....	4,334	25
Chinese Immigration Tax	350	00
Irondale Railway.....	3,256	25
	111,632	07
Less payments to claimants <i>re</i> deposits in 1902-3 by Irondale Railway..	7,468	70
		104,163 37
Drainage Works Assessment.....		3,482 70
		5,446,000 14
Drainage Debentures.....		12,522 02
“ (Tile).....		7,978 92
Public Buildings Cap. Account (Refunds).....		152 05
Total Receipts.....		5,466,653 13
Stationery Account, Excess of Distribution over Purchase..		1,497 70
		<u>\$6,883,661 57</u>

EXPENDITURE

Civil Government	327,137	01
Legislation	239,199	84
Administration of Justice	448,942	97
Education	945,020	49
Public Institutions Maintenance.....	922,037	20
Colonization and Immigration	16,863	47
Agriculture	378,846	02
Hospitals and Charities.....	223,661	97
Repairs and Maintenance	63,512	71
Public Buildings	348,421	43
Public Works	77,813	49
Colonization Roads	159,258	44
Charges Crown Lands.....	258,783	75
Refunds	58,500	87
Miscellaneous	190,841	09
	4,658,840	75
<i>Carried forward</i>		

EXPENDITURE.—Concluded.

<i>Brought forward</i>		
Drainage Debentures Purchased	2,060	17
“ “ (Tile) “	800	00
Railway Aid Certificates	114,607	32
Annuity “	102,900	00
Common School Lands	9,774	33
Total Expenditure	4,888,982	57
Balance in Banks Dec. 31st, 1903, Current		
Account	151,179	00
Special	1,843,500	00
	1,994,679	00
	<u>\$6,883,661</u>	<u>57</u>

C. H. SPROULE,

Provincial Auditor.

**ESTIMATED RECEIPTS, 1904, INCLUDING CASH BALANCES ON
HAND 31ST DECEMBER, 1903.**

Subsidy	\$1,196,872	80
Interest on Capital held and debts due by the Do- minion to Ontario	\$154,000	00
Interest on Investments	50,000	00
	204,000	00
CROWN LANDS DEPARTMENT :—		
Crown Lands	125,000	00
Clergy Lands	4,000	00
Common School Lands	12,000	00
Grammar School Lands	2,000	00
Woods and Forests	2,360,000	00
	2,503,000	00
PUBLIC INSTITUTIONS :—		
Toronto Lunatic Asylum	\$40,000	00
London “	18,000	00
Kingston “	7,000	00
Hamilton “	17,000	00
Mimico “	10,000	00
Brockville “	8,000	00
Cobourg “	500	00
Orillia “	5,000	00
Reformatory for Females	2,000	00
“ Boys	500	00
Blind Institute	500	00
Deaf and Dumb Institute	500	00
Central Prison Industries	20,000	00
	129,000	00
Education Department	50,000	00
Provincial Secretary's Department	125,000	00
Agriculture	50,000	00
Casual Revenue	100,000	00

Carried forward

ESTIMATED RECEIPTS, 1904.—*Concluded.*

<i>Brought forward</i>	
Succession Duties	300,000 00
Supplementary Revenue Tax (62 and 63 Vic)	245,000 00
Tavern and Brewers' Licenses	375,000 00
Law Stamps	55,000 00
Algoma Taxes	2,500 00
Fisheries	40,000 00
Assessment, Drainage Works	5,000 00
Removal of Patients	4,000 00
 Total Estimated Receipts	 5,384,372 80
Cash Balances 31st December, 1903	1,994,679 00
 Total	 <u>\$7,379,051 80</u>

ESTIMATED EXPENDITURE, 1904.

Civil Government.....	\$337,350 00
Legislation	185,450 00
Administration of Justice	478,297 29
Education	989,154 42
Public Institutions Maintenance.....	941,642 00
Colonization and Immigration	19,325 00
Agriculture	337,496 00
Hospitals and Charities	232,126 81
Repairs and Maintenance	60,320 00
Public Buildings.....	400,450 00
Public Works	105,050 00
Colonization Roads	149,300 00
Charges Crown Lands	256,793 34
Refunds	22,054 90
Miscellaneous	143,100 00
	————— 4,657,909 76

Government
Publications

